Towards Evidence-based Policy: Survey of ICT Access and Usage

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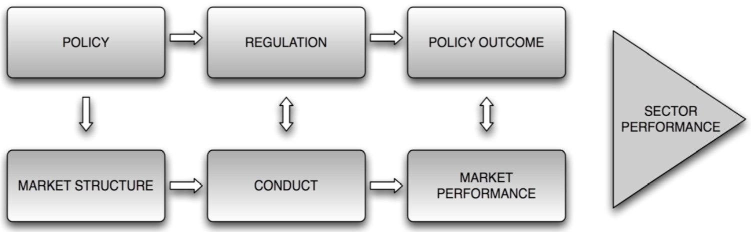
- Policy research based on series of supply and demand side research undertaken by 20-country African research network which is triangulated with a telecommunications regulatory environment survey

Linkages between reform elements



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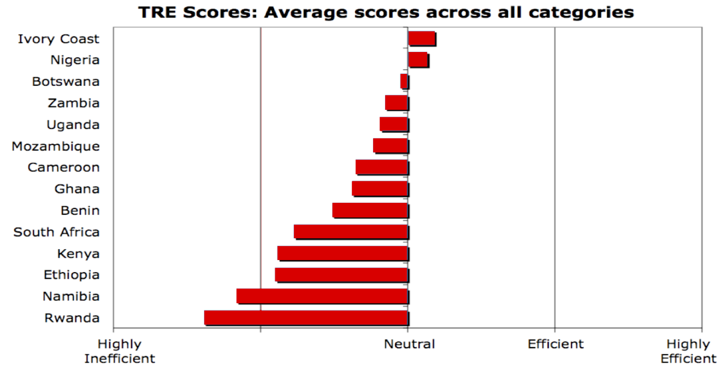
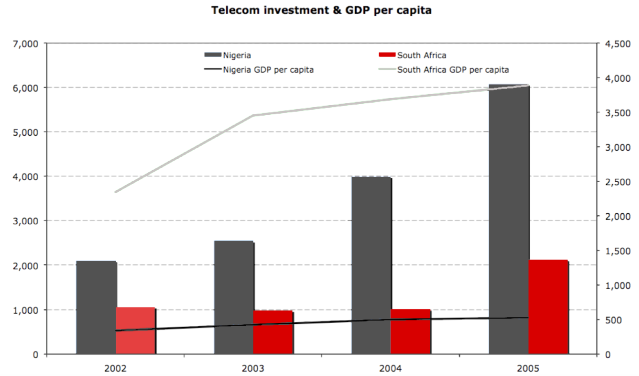
Telecommunications regulatory environment



Telecommunications regulatory environment

Fixed line sector	
Market entry	Ineffective
Access to scarce resources	Ineffective
Interconnection & Facilities	Ineffective
Regulation of anti-competitive practices	Ineffective
Universal service obligations	Ineffective
Mobile sector	
Market entry	Neither effective nor ineffective
Access to scarce resources	Ineffective
Interconnection & Facilities	Ineffective
Regulation of anti-competitive practices	Highly ineffective
Universal service obligations	Neither effective nor ineffective
Vans sector	
Market entry	Ineffective
Access to scarce resources	Ineffective
Interconnection & Facilities	Ineffective
Regulation of anti-competitive practices	Ineffective
Universal service obligations	Ineffective

Comparative FDI: SA vs Nigeria



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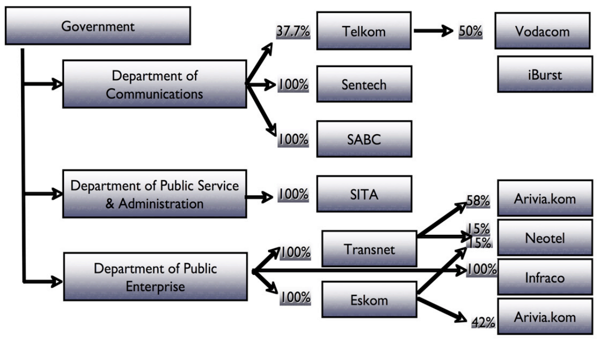
State ownership



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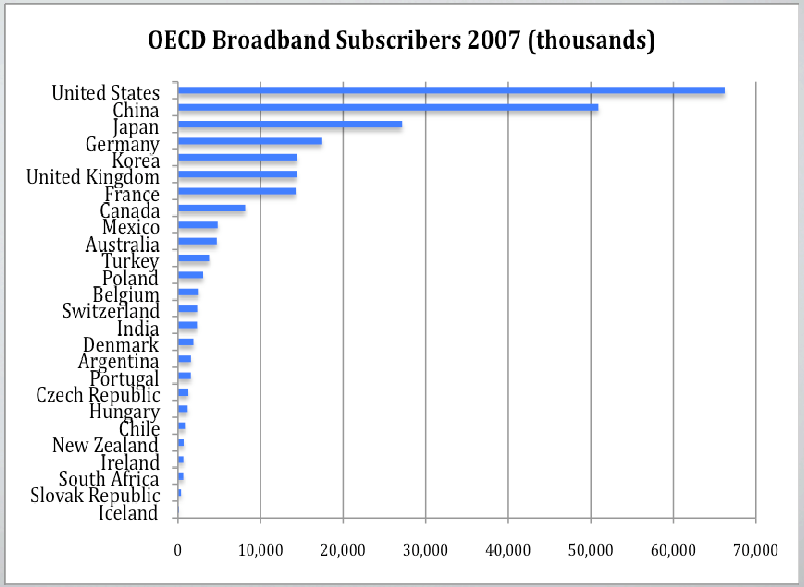

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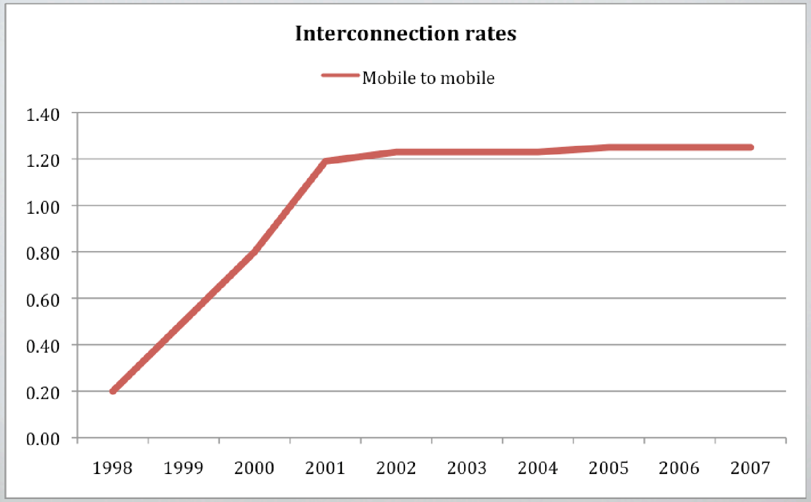

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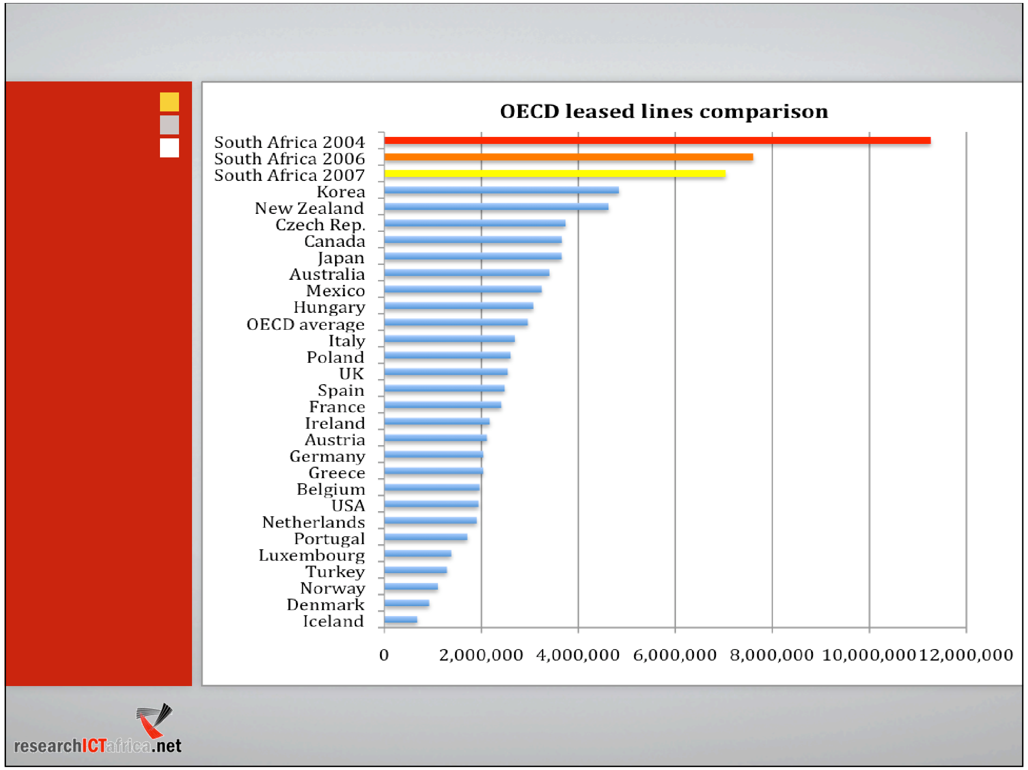
OECD leased lines comparison
South Africa 2004
South Africa 2006
South Africa 2007
Korea
New Zealand
Czech Rep.
Canada
Japan
Australia
Mexico
Hungary
OECD average
Italy
Poland
UK
Spain
France
Ireland
Austria
Germany
Greece
Belgium
USA
Netherlands
Portugal
Luxembourg
Turkey
Norway
Denmark
Iceland
0
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10,000,000
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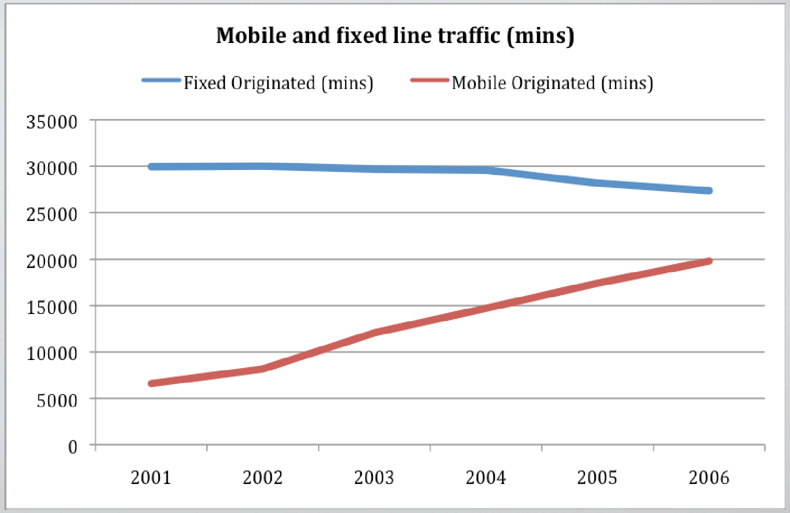
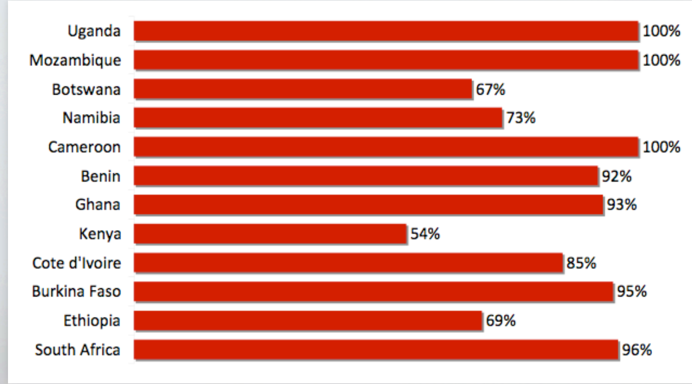
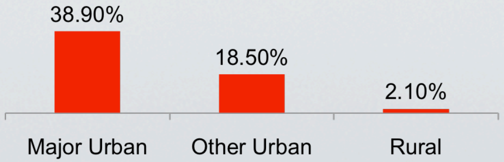

Mobile and fixed line traffic (mins)
Fixed Originated (mins)
Mobile Originated (mins)
35000
30000
25000
20000
15000
10000
5000
0
2001
2002
2003
2004
2005
2006

Urban share of residential fixed lines



Households with a working fixed line



•Households with working fixed line – **18.2%**

•Urban share of total working fixed lines – **95.7%**

•Average monthly fixed line expenditure – **US$ 31.31**

•Average monthly price a household without fixed-line is willing to pay for the service – **US$ 3.05**

Fixed line willingness to pay

Line rental only in South Africa
$8

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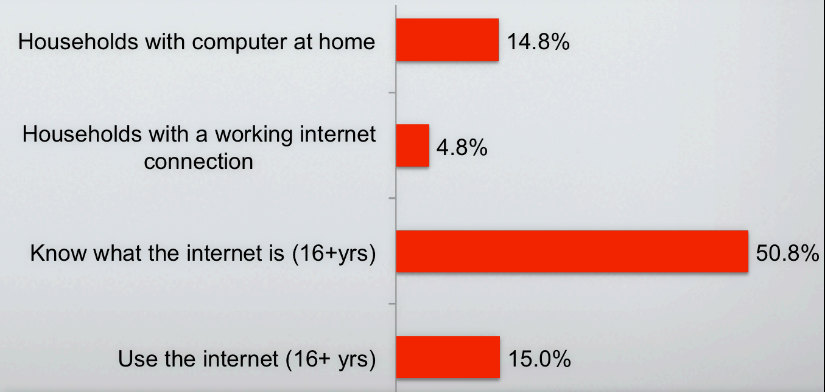
SA Internet access, usage and familiarity



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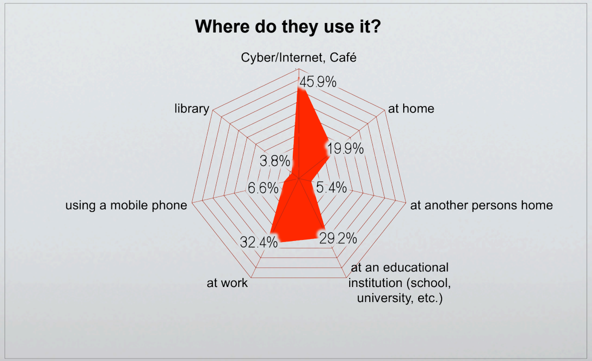
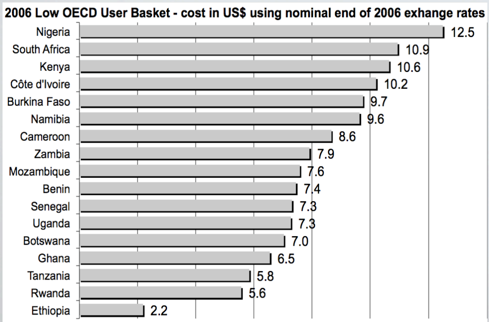
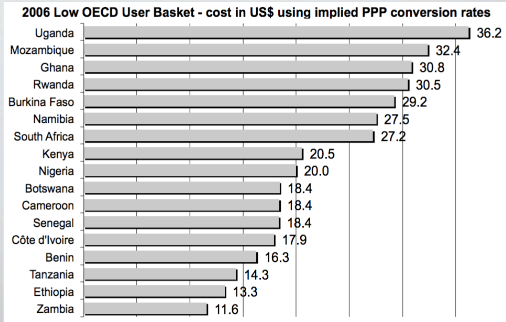
Internet usage

50% know what the internet is, but only 5% use it

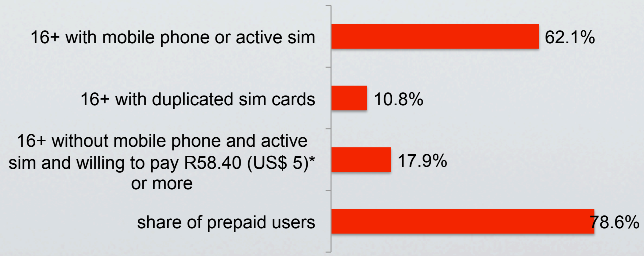


Supply side - mobile pricing





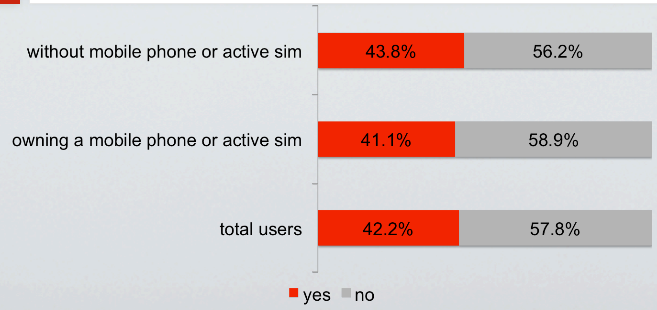
Mobile phone users



Average monthly WTP for mobile expenditure of non-users that would be interested in getting a mobile phone - R 46.70 (US$ 4.40)*

* At Dec 2007 prices and exchange rates

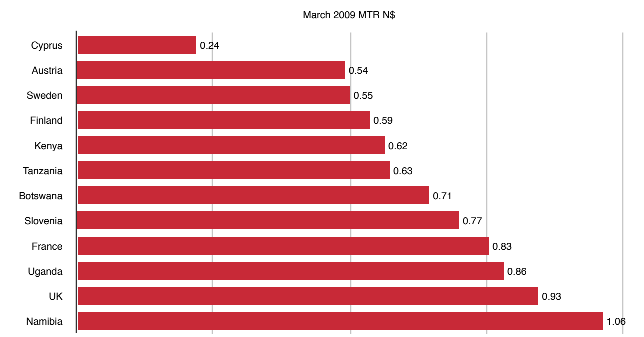
Have you used a public phone in the last three months?



Average monthly public phone expenditure – R 34.82 (US$ 3.24)*

* Exchange rates at Dec 2007

Termination prices (christoph, can we include SA please)



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EBITAS

- Telkom -
- Vodacom -
- MTN -
- CellC -

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Policy/Law

- ECA - no guiding policy
- ICASA Act - Ministerial veto power removed but Council appointment powers
- Extension of state state ownership and potential conflicts of interest
- Ministerial directives
- Altech declarator

Regulation

- Resource intensive access regulation
- Human capability and institutional capacity constraint
- Independence and accountability
- Information asymmetries

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Market performance as policy outcomes

- Inefficient and expensive
- Lack of access to full range of service
- High cost of services
- High input cost to business
- Not globally competitive

Institutional design and delivery

- Statutory process and delays
- Licensing - resolution in the courts
- Interconnection - not concluded - Chap 10
- Essential facilities - Hearings March 2008
- Spectrum - revised band plan delayed
- LLU - delayed resume in November

Conclusions

- Policy review - market structure - state ownership -broadband
- Review of bottlenecks in ECAct.
- Institutional arrangements - remove conflicts of interest
- Institutional design - reduce number on Council, increase regulatory staff/skills, limit political patronage
- Create conditions conducive to investment through accountable capacitated institutions, certain regulatory environments and flexible policy frameworks
- Remove protectionist strategies, open markets to competition to meet pent up demand, while developing strategies for backbone investment
- Create enabling regulatory environments through removal of barriers to entry, service neutral licensing, cost-based \ (removal of artificial priced asymmetrical termination), prevention of abuse of market dominance
- Open access regime for optimal use of networks and facilities and spectrum to enable entrepreneurship and innovation
- Development of dedicated human capital strategies for sector institutions
- Targeted, competitively implemented universal services strategies rather than scattergun approach

Presidential Review

- Policy failure - strategies of state ownership/ protection - privatisation, SNO, infraco
  - Remedy: increased competition but requires more effective regulation
- Regulatory failure: bound my onerous statutory requirements demands/ timespans, absence of capacity and disenabling law
  - Remedy: Capacitate regulator, amend law
- Market failure: Fixed, no competition, no access Mobile no effective regulation of effective duopoly, high prices
- Internet: not adequate backbone investment/pricing
  - Remedy: Enable market entry with service neutral licensing, open access networks.

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